

research bulletin 26

Trends in Housing Occupancy

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SUMMARY

Of all housing market trends, those attracting particular attention in Toronto are those trends concerned with the occupancy patterns of the existing stock. Recently, new residential construction has declined considerably. Further, the addition of new units through intensification efforts are completely nullified by losses incurred through changing occupancy patterns in the older housing stock. Within the existing stock, conversions, deconversions, intensification and de-intensification all occur simultaneously contributing to a very dynamic market profile.

This Research Bulletin examines trends in housing occupancy patterns in the City of Toronto. Property level data have been analyzed through the use of the Housing Occupancy Analysis System.

- Since 1976, 23,600 dwelling units have been constructed while only 4,691 units were lost due to demolitions. Despite this, 8,975 dwelling units were lost from the housing stock of the City of Toronto. Deconversion activity

within the existing stock was the primary factor behind these losses. Despite the substantial losses witnessed in the 1970s, the trends towards deconversion continues. A second wave of deconversion activity appears to have surfaced in 1984 when 2,683 units were lost from the existing stock on a net basis. This was the largest net loss recorded during the study period examined (1976-1984).

- Net increases in the existing housing stock were experienced in South Parkdale, Downtown and South Midtown. These gains were realized, in part, through the occupancy of previously vacant residential buildings.
- The City's housing stock is more owner-oriented. Solely owner-occupied properties increased from 55 per cent of all properties in 1976 to 62 per cent in 1985. The proportion of solely rental properties has remained steady at 21 per cent, while homeowners with units to rent (the owner-tenant category: typically converted single family structures) dropped from 21 per cent of the 1976 stock to 13 per cent in 1985.

- In 1976 nearly one-quarter of Toronto's population (140,680) lived in units in owner-tenant properties. In 1985 this figure had dropped to 15 per cent (86,870). In one manner or another, 53,780 people have been displaced from this kind of housing stock.

- While gentrification has been a prime cause of the loss of housing units through deconversion in some neighbourhoods, losses in other parts of the City can also be attributed to the undoubling of immigrant families. The result has been the removal of units from the market not necessarily associated with renovation activity.

- These trends can be expected to continue, varying in intensity by neighbourhood. There are still 39,760 units in owner-tenant properties in the City; 19,000 of these are located in neighbourhoods that have experienced the greatest deconversion pressures in recent years.

- The magnitude of rental stock losses due to deconversion can be expected to overwhelm any modest gains from conversions.

INTRODUCTION

In an earlier report (*Research Bulletin 16 - Housing Deconversion*, 1980), planning staff remarked on the large discrepancy between the amount of housing actually constructed and the net results on the ground. When measured in terms of dwelling units, planners noted that the contribution to the total housing stock from new construction far exceeded actual net gains.

The objectives behind Research Bulletin

16 were to re-focus attention and quantify the impacts on the housing stock of the "deconversion" process. One popular description of the process begins with a neighbourhood composed primarily of large single-family homes. Market conditions of the 1960s encouraged many investors and homeowners to renovate their properties to accommodate several additional rental units. The reversion of many of these same properties to single-family owner occupancy by generally more affluent homeowners, with the incumbent loss of units and reduction in population, is also termed the

"gentrification" process. In 1980, planners were well aware of the phenomenon. However, due to the shortcomings of available data, they were unable to fully measure the magnitude of its impact on the existing stock of housing.

More recently, the Ontario Ministry of Municipal Affairs and Housing has, in a provincial context, been exploring the potential for residential intensification. One conclusion of a consultant study (*Study of Residential Intensification and Rental Housing Conservation*) prepared

for the Ministry and the Association of Municipalities of Ontario, was that while the deconversion trend may be more pronounced in the City of Toronto, evidence of the phenomenon has appeared in major municipalities throughout the Province. The consultants further concluded that this phenomenon represents a loss of some of the more affordably priced rental accommodation available in larger cities and that emerging demographic trends point to an increasing need for this type of housing - not less.

One of the major shortcomings of previous studies on housing occupancy is the reliance on net change or summary data. Net change statistics are generally incapable of capturing the **total magnitude of occupancy changes**. For example, Research Bulletin 16 observed that between 1976 and 1979 the City lost 4,781 owner-tenant occupied properties. Actual losses were probably much greater. However, they were offset by gains from conversions and new construction. With summary data, the total magnitude of the loss and the size of the offsetting gains cannot be directly measured.

Also net change statistics are not capable of tracking the eventual outcomes of the occupancy change process. In Research Bulletin 16, planning staff speculated that many of the deconverted owner-tenant properties ultimately became owner occupied, single family homes. The forces behind this trend included the growing attractiveness of central city neighbourhoods and the vintage housing stock to some generally more affluent households, generally better economic conditions leading to the undoubling of immigrant households, declining immigration rates and rent control, to mention a few.

THE HOUSING OCCUPANCY ANALYSIS SYSTEM

This Research Bulletin will re-examine the trends in housing occupancy using property level data available in the Housing Occupancy Analysis System (HOAS).

HOAS was developed in 1983 as a joint project between the Planning and Development Department of the City of Toronto and the Housing Renovation and Energy Conservation Unit of the Ministry of Municipal Affairs and Housing (now the Housing Conservation Unit of the Ministry of Housing). HOAS was developed on the

computing facilities of the City of Toronto. Planning staff from the City acted as project leaders and reviewers for B&T Software of Toronto in the design and development of HOAS. The Ministry also acted as project reviewers and underwrote the system development costs.

This Research Bulletin circumvents the summary statistics problem since HOAS can measure annual changes, at the property level, in the tenure of a property, in the total number as well as the number of occupied units in a property, and some demographic characteristics of its occupants. HOAS is also capable of tracking the number and type of properties that have been added to the housing stock as well as the characteristics of properties demolished or lost to non-residential uses.

The primary input data source for HOAS is the files of the Standard Assessment System (SAS). Since 1971 the Ministry of Revenue has been responsible for the Province-wide collection and processing of assessment data for municipal taxation and election purposes. In addition to information required strictly for these functions, information pertaining to the structural character of the property and some demographic information related to the residents are also collected.

HOW HOAS WORKS

Briefly, starting with the SAS files, HOAS produces year-by-year summaries of the structural and occupancy characteristics for each residential property in the City. For taxation purposes, each property is assigned a unique tax ledger number. HOAS retains these ledger numbers using them to track properties over time and mark the demolition of old and construction of new properties. Since old numbers are retired and new numbers are assigned only when properties are redeveloped or new construction takes place, the vast majority of residential properties in the City of Toronto have had the same tax ledger number since the establishment of SAS.

The longitudinal or time series capabilities of HOAS are based on the consistency of the tax ledger numbering system. A time series analysis is produced by matching tax ledger numbers and comparing summary data for two different points in time. There are three possible outcomes from this match-merging process:

1. A comprehensive time series analysis is produced when HOAS is able to match data from different points in time.
2. If, during the match-merging process, HOAS can only access information for the latter of the two years, the property is assumed to be new.
3. Similarly, if HOAS can only access information for the former of the two years, then this property was either demolished or converted to a non-residential use.

For a more complete discussion on the operational details of HOAS, see *Housing Occupancy Analysis System - User's Manual*.

CHANGES TO THE HOUSING STOCK OF THE CITY OF TORONTO

Based on the summary records produced by HOAS, **since 1976 there have been 10,256 residential properties containing 23,600 dwelling units added to the housing stock of the City of Toronto**. The vast majority of these properties are the result of new residential construction. However, the renovation of non-residential structures for residential purposes did contribute marginally to these gains.

Table 1 also indicates that since 1976, **2,071 properties containing 4,697 dwelling units were either demolished or converted to non-residential uses**. Starting from the 1976 'base' stock, the amount of new construction less demolitions and conversions to non-residential uses yields an estimate of the existing stock. Comparing the estimate of the stock to the actual enumeration for both properties and units yields some discrepancies. In terms of properties, a small discrepancy of 133 was found, however, for dwelling units the discrepancy implies a loss of 8,975 units.

To be considered a legitimate gain, in the initial year, be enumerated as residential and remain so in all subsequent years of the analysis. Conversely, a property lost at the beginning of some time period cannot reappear later and be considered a bona-fide loss. This pattern of rapid land use change is common along major arterial roadways. Expanding

TABLE 1
ESTIMATES OF CHANGES IN TOTAL HOUSING STOCK,
1976-1985

	Properties	Units
1976 Total Housing Stock	120,875	261,879
• Gains from new construction and alterations, 1976-1985	10,258	23,600
• Loss from demolitions and alterations, 1976-1985	(2,071)	(4,691)
Estimates for 1985	129,060	280,782
Actual totals for 1985	128,927	271,807
Difference	133	8,975

Source: Housing Occupancy Analysis System

TABLE 2
CHANGES IN THE TOTAL HOUSING STOCK BY TENURE

Occupancy of Property	1976		1985		Change	
	N	%	N	%	N	%
Properties						
Owner	66,280	54.8	80,474	62.4	14,194	21.4
Tenant	25,395	21.0	27,190	21.1	1,795	7.1
Owner-tenant	24,791	20.5	16,543	12.8	-8,248	-33.3
Vacant	4,409	3.6	4,720	3.7	311	7.1
Total	120,875	100.0	128,927	100.0	8,052	6.7
Dwelling Units						
Owner	66,436	25.4	80,860	29.7	14,424	21.7
Tenant	131,962	50.4	145,284	53.5	13,322	10.1
Owner-tenant	57,742	22.0	39,760	14.6	-17,982	-31.1
Vacant	5,739	2.2	5,903	2.2	164	2.9
Total	261,879	100.0	271,807	100.0	9,928	3.8
Population						
Owner	223,634	38.1	239,234	40.6	15,600	7.0
Tenant	255,815	41.3	262,426	44.6	6,611	2.6
Owner-tenant	140,680	22.7	86,870	14.8	-53,780	-38.2
Vacant						
Total	620,099	100.0	588,530	100.0	-31,569	-5.1

Source: Housing Occupancy Analysis System

commercial activities encroach upon neighbouring residential districts resulting in the displacement of people and households as homes are replaced by businesses. Changing conditions may lead to the building reverting back to its former residential use. The discrepancy in the property counts is largely attributable to this activity.

In terms of dwelling units, however, only a small percentage of the discrepancy can be attributed to this activity.

Deconversion, or the reduction in

the number of dwelling units available within the existing housing stock, is chiefly responsible for the nearly 9,000 units lost.

How can we understand what is going on within the existing stock of residential properties?

One determinant of housing stock utilization is building tenure. A four-way classification has been derived to describe the tenure of residential

properties. A property is considered **owner occupied** when all the units in the property are occupied and owned by the occupants. Single-family detached and semi-detached properties are typically, but not exclusively, owner occupied. If the owner of the property does not live in the property but instead rents out some or all of the units available, then the property is considered **tenant occupied**. A property in which the owner resides and either rents out or has available for rental other units is an **owner-tenant occupied property**. The term **vacant property** is used if all the units available are unoccupied at the time of the assessment.

The Changing Character of Residential Properties

Table 2 provides a breakdown of the tenure composition of properties, dwelling units and resident population in the City of Toronto and details the net change by tenure class. **These statistics indicate that a growing share of the City's residential properties are owner occupied.** Much of this increase is attributable to the amount of condominium construction that took place in the mid 1970s and early 1980s (see *Research Bulletin 19, Toronto Condominiums, Past, Present and Future; and Condominium Monitor '85*). Since condominium units are most often sold individually, for taxation purposes, they are treated as individual properties.

The decline in owner-tenant properties highlighted in Research Bulletin 16 is again illustrated in Table 2. Between 1976 and 1985 owner-tenant occupied properties declined by one-third or 8,248 properties for an annual rate of change of -4.4 per cent. By 1985, the owner-tenant category had been reduced to 13 per cent of the total stock, down from 21 per cent in 1976.

The Impacts on Dwelling Unit Composition

In terms of dwelling units, considerable growth was realized in both the owner and tenant categories. Over the nine year time period owner occupied dwelling units increased by nearly 22 per cent for an annual growth rate of 2.2 per cent. The nine year change for tenant occupied units was 10 per cent for an annual growth rate of 1.1 per cent.

The dramatic 17,982 unit loss (or 31 per cent) in the owner-tenant category represents a 4.1 per cent decline per annum. Equally dramatic were changes in the population housed in this type of property. In 1976 nearly one-quarter (23 per cent) of the City's population lived in owner-tenant properties. By 1985 this had declined to a mere 15 per cent. Two factors have contributed to this change, the demolition of the properties and reductions in the units maintained in the remaining stock.

THE DYNAMICS OF TENURE CHANGE

In 1976 the housing stock of the City of Toronto consisted of 120,875 residential properties. By 1985, 2,755 had either been demolished, converted to non-residential uses or at one time between 1976 and 1985 been used for non-residential purposes. The remaining 118,226 properties (or those properties that have retained their residential character throughout the analysis) are categorized in Table 3 and Figure 1 by their 1976 and 1985 tenure classification. A trend towards ownership and away from the joint owner-tenant category is again evident. In 1976, 56 per cent of this remaining stock was owner occupied. By 1985 this had increased to 63 per cent. The owner-tenant category went from 21 per cent of the stock to 14 per cent.

A significant shortcoming of these data is that they conceal the full magnitude of the tenure changes. Figure 2 and Table 4 illustrate the underlying trends contributing to these changes. These data support the finding of Research Bulletin 16 that the decline in the owner-tenant category was largely attributable to conversions to owner occupancy. Of the 24,633 properties that were owner-tenant occupied in 1976, only 11,069 (45 per cent) remained so. In fact, 10,132 (41 per cent) were converted to owner occupancy, a further 3,104 (13 per cent) became solely tenant occupied and the remaining 328 (1 per cent) were vacant in 1985.

Figure 2 also illustrates that the deconversion losses in the owner-tenant sector were only slightly offset by conversions from the other tenure categories. Eighty-seven per cent of properties that were owner occupied in 1976 were also owner occupied in 1985. Only 2,704 (4 per cent) were converted to owner-tenant occupancy, while the rest

TABLE 3

TENURE PROFILE OF THE REMAINING HOUSING STOCK

Tenure	1976		1985	
	Properties	%	Properties	%
Owner Occupied	65,761	55.62	75,263	63.66
Tenant Occupied	24,055	20.35	23,505	19.88
Owner-tenant Occupied	24,633	20.84	16,456	13.92
Vacant	3,777	3.19	3,002	2.54
Total	118,226	100.00	118,226	100.00

Source: Housing Occupancy Analysis System

Figure 1

Profile of the Tenure of the Remaining Housing Stock 1976-1985

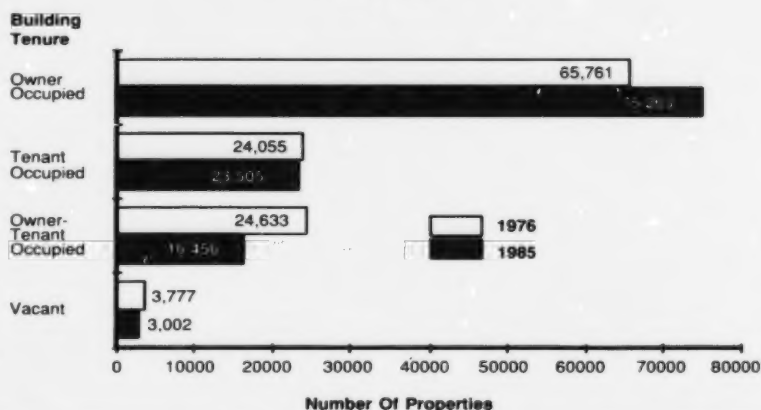


Figure 2

Changing Tenure Structure of the Remaining Housing Stock 1976-1985

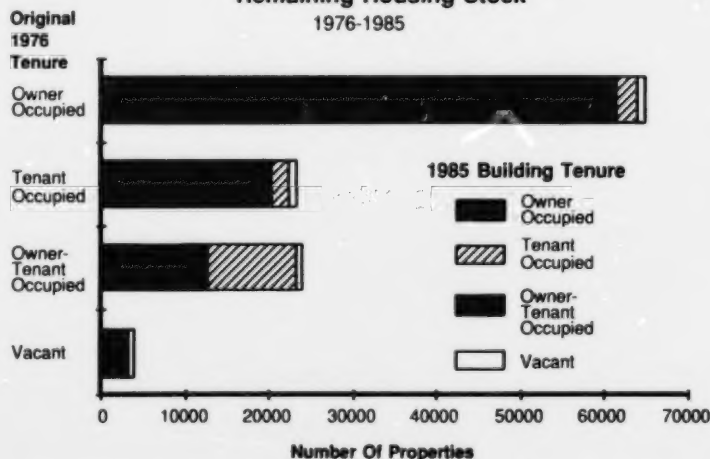


TABLE 4
TENURE CHANGES IN THE REMAINING HOUSING STOCK,
1976-1985

	1976 Building Tenure	1985 Building Tenure based on 1976	
	Properties	Properties	%
Owner Occupied	65,761	57,193	87.0
Tenant Occupied		4,635	7.1
Owner-tenant Occupied		2,704	4.1
Vacant		1,229	1.8
Total	65,761	65,761	100.0
Tenant Occupied	24,055	14,431	60.0
Owner Occupied		6,192	25.7
Owner-tenant Occupied		2,388	9.9
Vacant		1,044	4.4
Total	24,055	24,055	100.0
Owner-tenant Occupied	24,633	11,069	44.9
Owner Occupied		10,132	41.1
Tenant Occupied		3,104	12.6
Vacant		328	1.4
Total	24,633	24,633	100.0
Vacant	3,777	401	10.6
Owner Occupied		1,746	46.2
Tenant Occupied		1,335	35.4
Owner-tenant Occupied		295	7.8
Total	3,777	3,777	100.0

Source: Housing Occupancy Analysis System

either became tenant occupied or were vacant. The pattern is similar for tenant occupied structures. Of the original 24,055 tenant occupied properties, 60 per cent retained the same tenure classification. When conversions did occur, the clear preference was for conversion to owner occupancy (6,192 properties or 26 per cent). Only 2,388 (10 per cent) of the tenant occupied properties converted to owner-tenant occupancy, the rest became vacant.

Predictably, the trend away from the owner-tenant classification has resulted in a major reduction in the number of units available in residential structures. The magnitude of this loss is clearly illustrated in Figure 3. Losses from the 1976 owner-tenant stock totalled 13,602 units. Conversion to ownership housing accounts for 82 per cent of the loss. An additional ten per cent or 1,317 units is attributable to conversion to rental implying that either after the sale of the property or the owner vacated the premises, the decision was made to

market fewer and likely larger units. A further seven per cent loss goes to owners who remained on the property but still reduced the number of units available.

As Figure 3 illustrates, a second important contributor to the losses is the conversion of the 1976 tenant stock. Over 2,500 units were lost as a result of the conversion of tenant occupied properties to owner occupancy.

However, the preferences among investors in rental properties is clearly mixed. The decision among some investors to reduce the number of units available resulted in about a 3,000 unit loss. On the other hand, the decision by some landlords to increase the number of units in their buildings contributed 3,175 units for an overall net gain of 175 units.

Small gains were also realized when properties, occupied by owners in 1976, were converted to tenant or owner-tenant occupancy. Net gain from the conversion

away from owner occupancy was 3,758 units. Similar, albeit smaller, gains were realized when properties, vacant in 1976, finally re-entered the market.

In summary, while substantial gains were realized from the conversion of owner occupied properties to other tenure categories, the impact was small in comparison to the number of units lost through deconversion and reductions in the number of units in income-producing properties. **The net change in the number of units in the remaining housing stock was a 10,623 unit loss.** The magnitude of the total loss was 20,606 with an offset gain of only 9,983 units.

Population Implications

The greatest population losses were experienced in properties that were owner occupied in both 1976 and 1985 and did not undergo any change in the number of dwelling units found on the property. The reasons for loss can be traced back to Table 4. Properties that were originally owner occupied and had by 1985 still remained so account for 48 per cent of the remaining stock. Consequently, subtle changes in the occupancy of this large stock can have substantial population impacts (see Figure 4). Nevertheless, factors contributing to the decline include:

- The increased incidence of empty nesters - as the family matures, teens and young adults leave the home of their parents to establish their own household. The choice on the part of the parents to remain in the family home once the children have "flown the coop" is synonymous with the empty nester phenomenon.
- The general trend towards smaller households - a particularly important contributor to the reduction in size of households in the City of Toronto has been the emergence of the one-person household. In 1951 single person households represented only 6.2 per cent of all households, by 1981 this had increased to 37.5 per cent. Other important factors include the general aging of the City's family population and a reduced propensity for children.
- Undoubling - when two families sharing the same dwelling unit choose to live separately. The family choosing to remain opts for occupancy of the entire premises.

Ignoring the vacant classification, Figure 4 illustrates that changes in the size of the population are quite similar to those for dwelling units. Specifically, the conversion of owner occupied properties to tenant or owner-tenant occupied stock generally results in a population increase. Reductions in the number of units available and a general population decline are behind the population decline in properties that were tenant occupied in 1976. Some 6,354 fewer persons were housed when tenant properties were converted to owner occupancy. Again, trends within the rental stock are somewhat mixed. Population losses associated with a reduction in the number of available units totalled 4,390 persons. A further reduction of 11,087 persons was attributed to general population decline. However, the decision to add units to the housing stock resulted in an increase of nearly 3,000 persons being housed.

The deconversion of the owner-tenant stock to owner occupancy, with its incumbent reduction in units, resulted in a profound population decline. The results of the deconversion was the displacement of 17,638 persons.

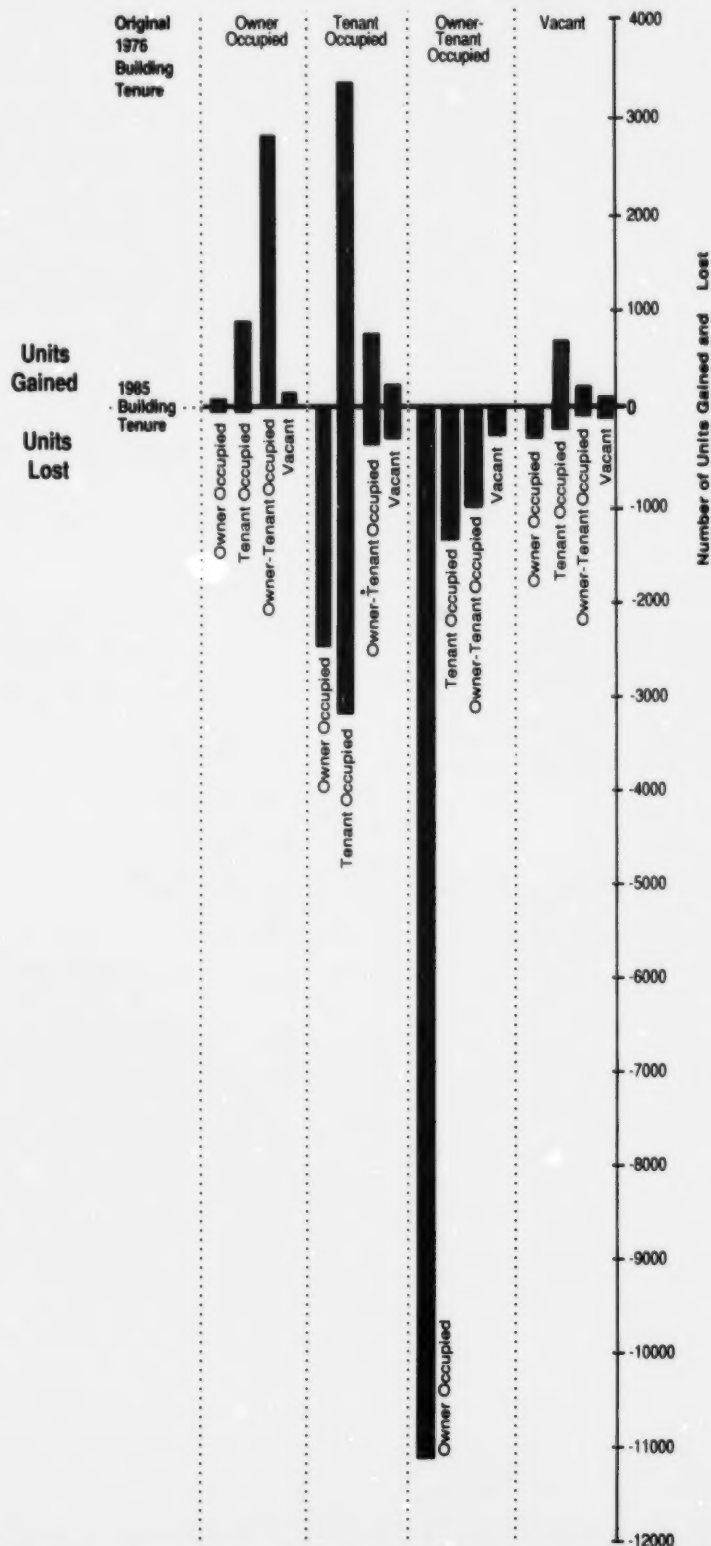
Overall, the net result was a 66,717 or an 11 per cent reduction in the population within the remaining housing stock.

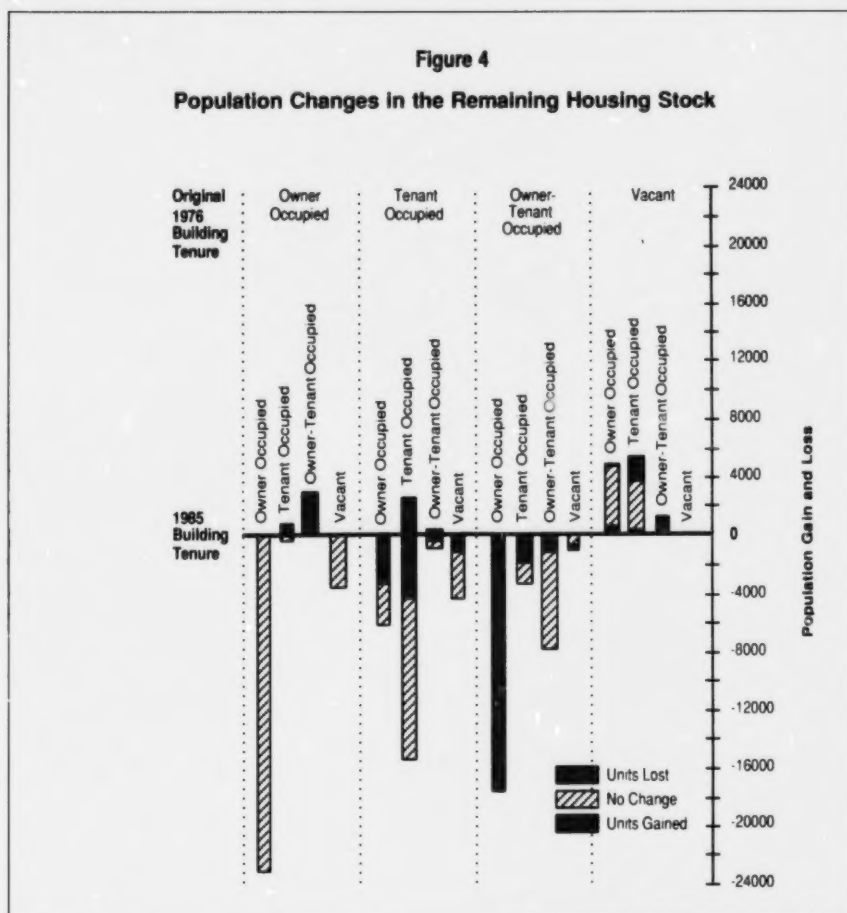
THE NATURE OF OCCUPANCY CHANGE

Research Bulletin 16 indicated that neighbourhoods such as Don Vale were being extensively gentrified and experienced considerable losses of units, particularly from the owner-tenant classification. Secondary sources hinted that speculative investors and generally more affluent new homeowners were renovating older homes as single unit properties. The substantial City-wide loss of units was thought to be primarily due to this type of deconversion.

Of equal importance, however, are the changes in unit availability not exclusively connected with changes in tenure. To illustrate, buildings that experienced changes in the number of units available are grouped into two general categories - those experiencing Gains and those experiencing Losses.

Figure 3
Changes in the Number of Units in the Remaining Housing Stock





Each of these categories are then further refined based on the nature of the gain or loss.

Gains are divided into three sub-groups.

1. If units are added to a single unit, owner occupied property, this has been classified as **conversion**. Such conversions typically involve a change in tenure to either tenant or owner-tenant occupancy.
2. The creation of new units within a multiple unit property represents **intensification**. Possible tenure shifts include the switch from tenant to owner-tenant and vice versa, or no change at all.
3. **Other gains** summarize all other changes which result in additional units being added to properties - this includes the movement of properties into and out of the vacant category.

Losses are also described by three sub groups.

1. **Deconversion** represents a loss of units from multiple unit properties where the tenure class changes from

tenant or owner-tenant to single unit owner occupancy.

2. When the number of units in multiple unit properties is reduced but remains greater than one, this has been classified as **deintensification** (a less intensive use of the rental stock). As with intensified properties, the switching of tenure class from tenant to owner-tenant and vice versa is possible.
3. **Other losses** summarize all other activities which result in a reduction in the number of units in a structure, including the movement of properties into and out of the vacant class.

While previous studies concentrated on the magnitude of the net change, as illustrated in Figure 5, this study highlights for the first time the magnitude of the changes. Figure 6 clearly illustrates that the latter half of the previous decade, particularly 1976-1978, witnessed some major changes. The trend towards deconversion and deintensification was quite substantial and was only partially counter-balanced by conversion and intensification activities. By comparison,

TABLE 5

**CHANGE IN THE REMAINING
HOUSING STOCK
1976-1985**

Type of Change in Occupancy	Change in Unit Counts
Gains	
Conversion	7,610
Intensification	6,696
Other Gains	3,370
Total Gains	17,676
Losses	
Deconversion	-16,929
De-intensification	-8,130
Other Losses	-3,557
Total Losses	-28,616
Total Net Change in Housing stock	-10,940

Source: Housing Occupancy Analysis System

the 1980s have been relatively subdued however, deconversion losses remain strongly evident.

Table 5 indicates that between 1976 and 1985 the overall net loss was 10,940 units or 4.2 per cent of Toronto's 1976 stock of housing. This net figure was the result of the removal of 28,616 units (11 per cent) due to deconversions and other means, the addition of 17,616 units (7 per cent) by way of conversions in the single occupancy housing stock and intensification of the multiple occupancy housing stock. While the number of units added to the housing stock has been considerable, as Figure 6 illustrates, 1978 was the only year in which additions outnumbered losses.

Deconversion activity accounted for the majority of the losses. Almost 17,000 units were lost as a result of multiple occupancy properties reverting to single unit occupancy. Over 8,000 units disappeared after multiple unit properties were altered to accommodate fewer tenant households. Figure 5 also indicates that deintensification has contributed significantly to the reduction of available units.

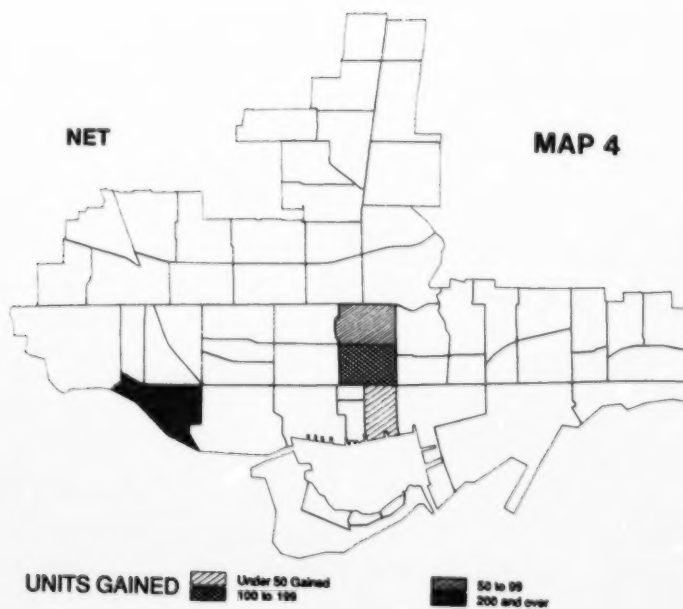
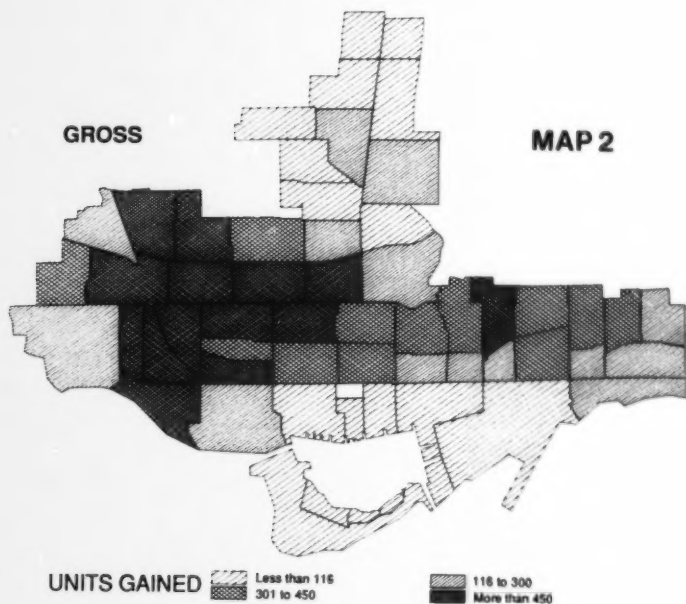
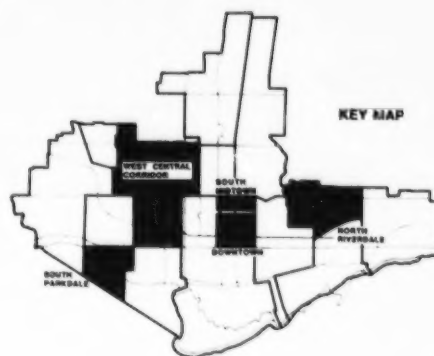
Contributions to the stock of units have clearly been less substantial. There were almost as many units created in multiple unit properties during this time period as were created through the conversion of owner occupied properties. Of the 17,676 units added to the stock 38 per cent were created in multiple unit properties, while 43 per cent were added to the owner occupied stock. Conversions have declined sharply in recent years, and the intensification of the rental stock continued to out number conversions in 1981-82 and 1983-84.

NEIGHBOURHOOD DYNAMICS - A FLEXIBLE HOUSING STOCK

Certain neighbourhoods are more susceptible to the occupancy changes described above. Deconversion can only take place in stock that has been previously converted, and this sub-market tends not to be evenly distributed across the City. Instead it is found:

- where the houses are large enough to accommodate additional dwelling units, and
- where the social composition of the population has in the past been amenable to conversion activity.

These traits characterize working class neighbourhoods, particularly those popular among immigrant groups. Typically, in an attempt to supplement family incomes, a homeowner subdivides his or her property and rents out units. A large portion of the stock in Wards 3 and 4 (roughly between Bathurst Street in the east, Lansdowne Avenue in the west and north of Queen Street West to the City Limits) has been subjected to such change (Map 1).



Maps 2 and 3, which illustrate gross gains and losses in units for ward sub-divisions, demonstrate that the neighbourhoods which have contributed most to the growth of the housing stock are naturally the focus for deconversion activity. Apart from the neighbourhoods of Swansea in the west and Rosedale in the heart of the City, the housing stock in the area bounded by Queen Street East and West to the south, and St. Clair Avenue West and Danforth Avenue to the north has been subjected to substantial alteration pressures.

Maps 4 and 5 show the net effects of all these changes over the past nine years highlighting neighbourhoods experiencing a net loss in units, and a net gain in units, respectively. Net gains have appeared in the Downtown area and South Parkdale neighbourhood.

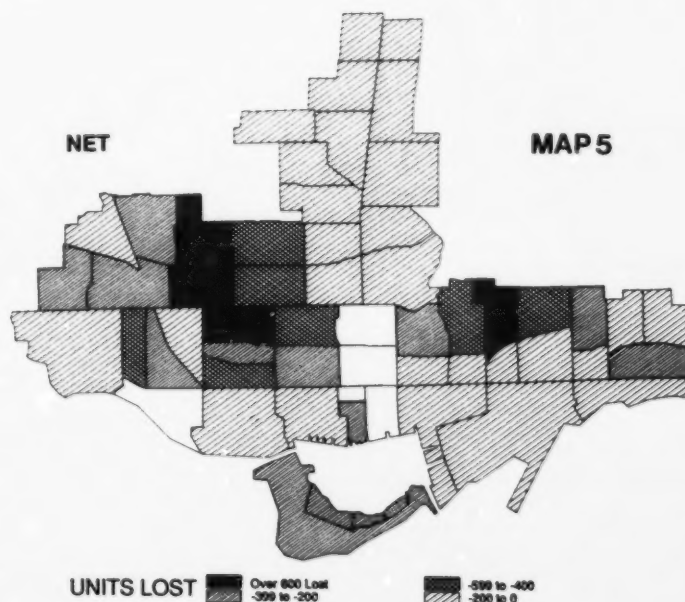
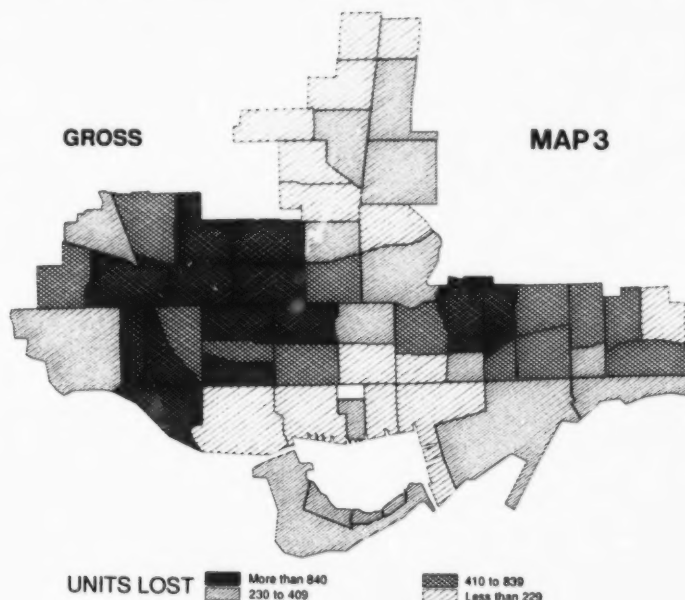
The South Parkdale Neighbourhood

The South Parkdale neighbourhood, bounded by Queen Street West to the north, Dufferin Street to the east and Parkside Drive to the west, experienced a net gain of 417 dwelling units. As Table 6 illustrates, this was the result of large gains in the multiple-unit stock. The majority of the 1,687 units added to the stock were achieved through the intensification of the multiple-unit stock and the occupancy of previously vacant properties. Conversions of single-unit properties to tenant or owner-tenant classes contributed only 99 units.

Since 1976, 989 units were added primarily through the intensification and occupancy of vacant multiple-unit properties. The intensification of the

rental stock created 600 units. Figure 7 shows that the bulk of this growth was achieved in 1978 when a wave of renovation activity spawned the proliferation of bachelorette apartments in this area.

More recently, South Parkdale has experienced a substantial net loss of units. Since 1981, the number of bachelorette apartments in the area has gradually been reduced; these losses are represented by the "other losses" category in Figure 7. Fostering these losses was the fear of prosecution in buildings containing illegally added units, the actual prosecution of those who violated the City's by-laws and Ontario Building Standards, the negotiated reconversions of illegally converted buildings and the real estate boom/bust cycle which prevailed in South Parkdale



between 1980 and 1982.

Despite the overall net addition of 417 units since 1976, in terms of population change, the overall net impact has not been substantial. In 1976, the population residing in the South Parkdale neighbourhood was estimated to be 17,102 persons. The 1985 estimate was 17,065 - a decline of less than one per cent. This netting out of the population effects was partly due to the recent deconversion activity that has taken place. Currently there are now 94 more owner occupied properties here than there were in 1976. Deconversion of 88 owner-tenant properties, containing 129 units, to the owner-occupied class contributing to the displacement of 207 persons.

The Central Core

The increases in the total housing stock in the Downtown and South Midtown districts were achieved in much the same manner. Intensification of the tenant stock in the Downtown area between College and Queen Streets has resulted in 120 additional units; the population in this stock has risen by 342 persons.

In the South Midtown district, between College and Bloor Streets, intensification of the tenant stock created 38 units. The South Midtown tenant population has declined markedly (1,100 fewer residents).

Of 60 vacant Downtown properties in 1976, 27 became tenant-occupied creating 32 units. In South Midtown 17 vacant properties shifted to tenant occupancy creating 74 units. However, the total number of vacant residential properties in South Midtown almost doubled (from 47 to 83) as a result of 32 owner occupied structures and 35 tenant occupied properties (with 66 units) moving into the vacant classification. These 35 vacated properties originally had 66 units, but according to the assessors, now contain only 42 units.

The North Riverdale Neighbourhood

North Riverdale typifies the vast majority of City neighbourhoods which experienced a net loss in housing units over the past nine years as gentrification continues to spread. The extensive renovation activity in Don Vale during the early 1970s had already accounted for considerable losses of units due to deconversion. Since 1976, the deconversion activity has continued in Don Vale (a net loss of 306 units) but it has been much more intensively pursued

Figure 5
Net Changes in the Total Housing Stock
City of Toronto

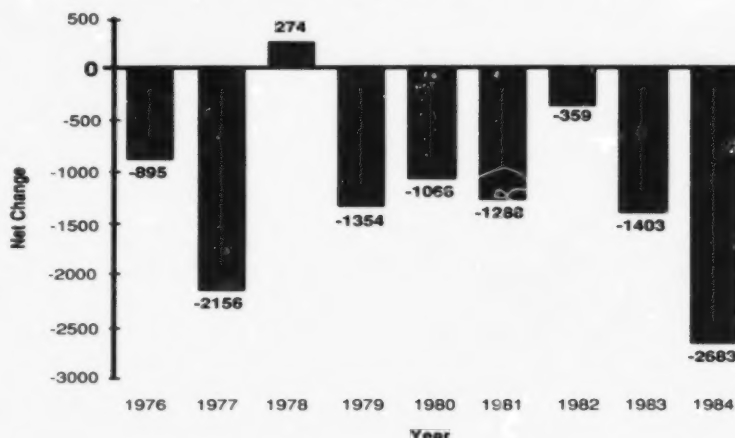
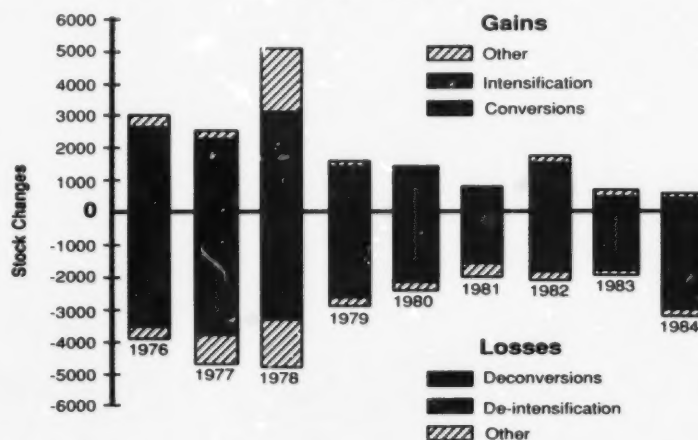


Figure 6
Dynamics in the Total Housing Stock
City of Toronto



in North Riverdale. Figure 8 illustrates that the nature of change in the North Riverdale stock over the past nine years has resulted in a net loss of 1,612 units. The pattern of change is very similar to that for the City as a whole with considerable losses due to deconversion up to 1980, a slowdown through 1981 to 1983, and a resurgence during 1984.

North Riverdale has dominated the deconversion trend in the City with a 50 per cent reduction in the number of owner-tenant properties. In 1985 there were 1,553 fewer units in this segment of the market and population in such properties had declined by 3,574 persons. This was the result of 1,252 properties that were owner-tenant in 1976 converting to owner occupancy by 1985. In addition, 381 units were lost in the deconversion of tenant occupied structures to owner occupancy.

The West Central Corridor

As illustrated in Figure 9, the above pattern is also evident in the West Central corridor. This large corridor, ranging from Queen Street West in the south, north to take in the western half of Ward 5 and the eastern half of Ward 3 along with much of Ward 4, contains the traditional immigrant reception area. In the 1950s and 1960s this area experienced considerable conversion and intensification activities. More recently, a net loss of 3,670 dwelling units has been recorded. Combined with North Riverdale, these two districts accounted for 48 per cent of the net reduction in housing units throughout Toronto since 1976. Since 1982 the conversion activity has diminished considerably while deconversions have removed 2,100 units from the North Riverdale stock and 5,551 units from the West Central stock (Table 6).

Much of the loss in the West Central stock can be attributed to the undoubling of immigrant households. This has resulted from the aging of the immigrant population, the movement of those renters to the suburbs, often to become homeowners, and a reduced demand for these particular units as a result of reduced immigration levels. The result has been a removal of units from the market not necessarily associated with the classic gentrification process. However, gentrification may be contributing to the most recent wave of losses from the West Central stock.

Since 1976 owner-tenant properties in the West Central part of the City have declined 33 per cent; 3,710 such properties have deconverted to owner occupancy thereby reducing this share of the housing stock by 3,987 units after offsetting gains from conversions.

Figure 7
Dynamics in the South Parkdale Stock

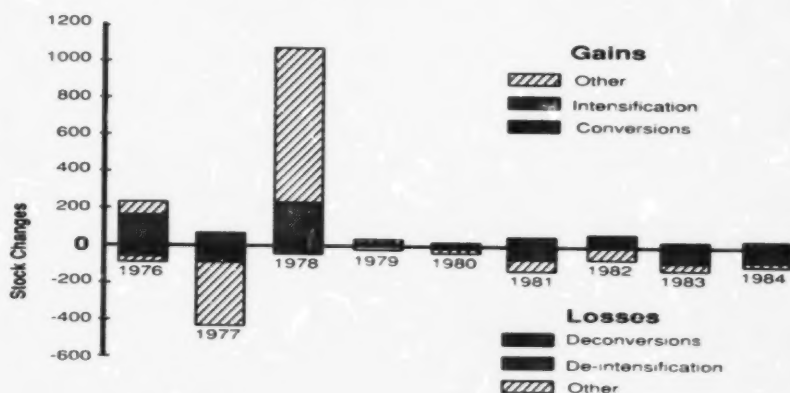
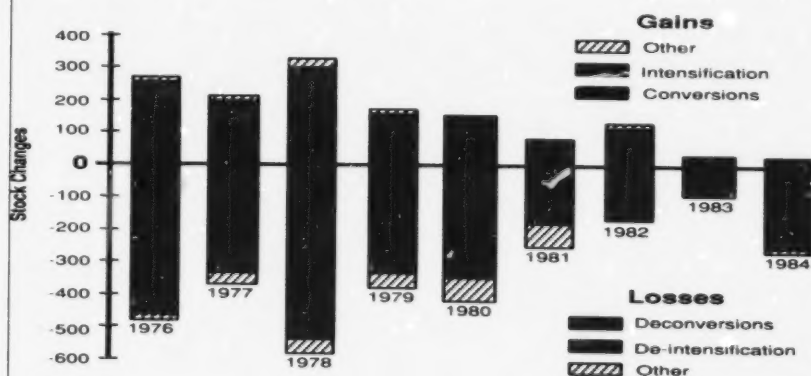


Figure 8
Dynamics in the North Riverdale Stock



Modest gains to the rental stock have been achieved through the conversion of owner occupied structures to owner-tenant (987 additional units) and to tenant classifications (254 additional units). The population in this part of the City is 15 per cent below 1976 levels (a slightly greater drop than the 11 per cent drop City-wide). The population decline, again can be tied to the deconversion process; the population resident in the owner-tenant stock is down by 12,885 persons.

HAVE DECONVERSIONS SUBSIDED?

These findings highlight the considerable losses from the rental stock of the City. Dominating the losses is the deconversion of owner-tenant multiple-unit properties to single unit owner occupancy. What potential is there for a continuation of the deconversion trend? There are still 16,543 owner-tenant properties with 39,760 units distributed throughout the City.

North Riverdale has seen a 50 per cent reduction in its owner-tenant stock of properties since 1976 but the 1,092 remaining properties contain 3,194 units. After a reduction of one-third in the West Central Corridor, the owner-tenant stock consists of 6,286 properties with 16,099 units. In the two districts where considerable rental units have been lost there are still over 19,000 occupied units that could very quickly disappear. Deconversion pressures can be expected to continue in these two districts as gentrification and undoubling continue.

CONCLUSIONS: IMPLICATIONS FOR HOUSING POLICY AND PROGRAMS

At first glance, demographic indicators suggest that there should be a growing demand for small rental housing in the City. The average size of households in Toronto has declined markedly. In 1951 households in the City of Toronto averaged 4.3 persons, by 1981 this had declined to 2.4 persons. Underlying this trend has been the growth in single person households. Between 1951 and 1981 single person households grew from 6.2 per cent to 37.5 per cent of all households. While these trends have been evident throughout the Metropolitan Toronto Region, single person households are particularly prevalent in the City of Toronto. In 1981, 20 per cent of the population and 23 per cent all households in the Toronto

Figure 9
Dynamics in the West Central Stock

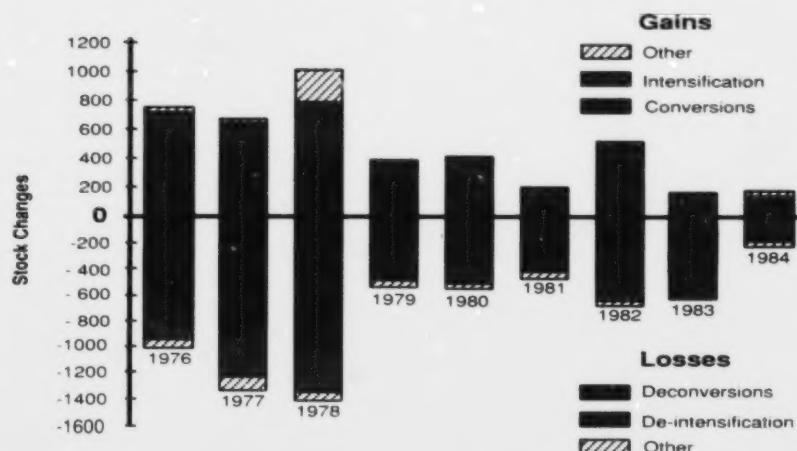


TABLE 6

DYNAMICS OF CHANGE IN THE HOUSING STOCK FOR SELECTED NEIGHBOURHOODS

Change in Units by Neighbourhood			
Type of Change in Occupancy	South Parkdale	North Parkdale	West Central
Gains			
Conversions	99	817	2,357
Intensification	600	502	1,497
Other Gains	989	112	427
Total Gains	1,688	1,431	4,281
Losses			
Deconversion	-277	-2,100	-5,551
De-intensification	-360	-600	-1,836
Other Losses	-634	-343	-564
Total Losses	-1,271	-3,043	-7,951
Total Net Change	417	-1,612	-3,670

Source: Housing Occupancy Analysis System

Census households in the Toronto Census Metropolitan Area (CMA) lived in the City of Toronto. In comparison, the City was home to 40 per cent of the CMAs single person households and 37 per cent of the CMA's non-family population. These data indicate a substantial shift in the composition of households towards small, single person or non-family groups. This is a household type for which the supply of affordable converted units, which is declining, would seem to be ideally suited.

The 1983 Study of Residential Intensification highlighted this apparent inconsistency. According to these indicators there would appear to be a significant and growing demand for small, modest rental units. Losses of this type of housing were prevalent in other cities across Ontario as well as the City of Toronto. The public response to this situation has focussed on designing programs to encourage homeowners and investors to once again make more intensive use of the existing housing stock.

In 1983, the Ontario Government initiated a number of pilot projects to experiment with longer term program options. Programs available in the City offered several incentive packages.

The initial 1.5 year pilots **Add-a-Unit** and **Conserve-a-Unit** offered interest-free loans to encourage conversion of single family homes and the rehabilitation of older apartment buildings, respectively.

Convert-to-Rent offered interest-free loans for conversion of non-residential space to rental housing.

Add-a-Unit led to the creation of 20 units in Toronto; Conserve-a-Unit loans were issued for the rehabilitation of 181 apartment units and 50 units were created through Convert-to-Rent. As part of a comprehensive package of housing initiatives, the Ontario Government has recently extended the life of these programs, and essentially combined Convert-to-Rent and Add-a-Unit in a new program under the name of the former.

Locally, as early as 1982, the City of Toronto established an interdepartmental Affordable Housing Task Force to examine ways in which the housing stock could be used more intensively. By 1984, by-laws were drafted that would have increased the flexibility of converting

more types of housing in the City's stock. The proposed changes met with considerable opposition from ratepayer groups. A survey conducted the following year revealed that resident and ratepayer groups shared a community concern for affordable housing but greatly feared the negative impact the proposed changes might have on their neighbourhoods.

Unfortunately, permitting conversion of properties is no guarantee that any new units will be created or that the newly created will be modestly priced. Intensification efforts in other jurisdictions have also met considerable resistance, and where successfully implemented, fewer conversions than anticipated have occurred.

As serious supply problems continue to plague the rental sector of the housing market, considerable attention has focussed on the housing needs of the single-person household. There were 98,000 single person households enumerated in 1985 in the City of Toronto. Almost one-sixth of them are homeowners - many undoubtedly elderly. The balance appear to prefer, or are limited to, apartment lifestyles. Seventy-two per cent of all single person households in the City live in multi-tenant properties (duplex and larger), and 65 per cent live in large apartment buildings. There has been a very significant decline in the population residing within the remaining tenant occupied stock, suggesting that larger households have been leaving the City's rental stock. Further research may reveal more details about the characteristics of Toronto's single person households.

As Table 5 shows, the market is beginning to respond to demand. In the absence of public programs, conversion activity has taken place. This activity was, however, much more pronounced during the 1970s than during the past couple of years. From 1976 to 1984 conversions accounted for 7,610 units being added to the stock while 6,696 were added through intensification of the multiple-unit stock. As Map 4 illustrates, there has in fact been a limited response to the shortage for rental accommodation. Net gains in the housing stock were experienced in South Parkdale, Downtown and South Midtown. The deconversion trend is so strong, however, that it overwhelms such modest gains.

Consequently, care must be exercised when evaluating the results of any conversion and intensification program.

Our findings point to a trend of continued deconversion.

FUTURE INTENSIFICATION POLICIES

These findings indicate that intensification of the multiple unit stock offers almost as much potential for the generation of housing units as does the conversion of the single family stock. Landlords seem more receptive to intensification initiatives than owners of single family dwellings. However, efforts to intensify the multiple unit stock would have to be sensitively managed. There has already been considerable displacement of tenants to facilitate the renovation of rental buildings. Such actions have typically resulted in a substantial price increase.

A considerable proportion of the units gained over the past nine years resulted from the occupancy of multiple unit buildings which had been vacant for some time, particularly in South Parkdale. This activity may have been providing housing for a very specific sub-market in the City.

This is further evidence of a market response to the tight housing market that the City has experienced for some time. While there has been a considerable net loss of housing units from the total stock, available units are almost totally occupied - a pattern not experienced at any other time since 1976.

What does the future hold? Deconversion can be expected to continue in some neighbourhoods as a by-product of both gentrification and the undoubling of properties occupied by older owners who no longer need the additional income or who prefer the additional space for increased privacy. One might speculate about a future increase in conversion activity owing to the pricing of City housing. However, if conversions become prominent again, there is no guarantee that the new units created will be within an affordable rental range, and they will probably still be so few in number as to be easily overshadowed by the deconversion trend. Provincial programs may generate additional rental units. However marginal these may appear to be in light of very significant deconversion trends, the impact of these programs will have to be sensitively measured.